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Probes of Iran Deals Extend To Roles of CIA, Director

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Justice Department and congressional investigations of the secret sales of arms to Iran and subsequent transfer of profits to help the Nicaraguan contras are extending beyond the White House to a detailed study of the roles played by the Central Intelligence Agency and its director, William J. Casey, according to informed sources.

Two areas of inquiry involving the CIA, sources said, are its role in setting up a Swiss bank account used to transfer Iranian payments for U.S. arms and its efforts on behalf of the Nicaraguan rebels.

Knowledgeable sources have said that in 1984, when Congress refused to provide aid to the contras, Casey was involved in overtures to third countries, including Israel, to explore whether they could secretly supply assistance to the contras.

Casey is saying that the funneling of money from Iranian arms sales to the contras is a matter of concern only to those "inside the Beltway" and that when all the investigations are over "no one will go to jail," according to informed sources.

Casey, the sources said, maintains that he was only aware of "gossip" about the secret funneling of money to the contras until this week. Casey has acknowledged to members of Congress that the CIA set up a Swiss account to accept Iranian payments for American arms, but it is not clear whether that account was used to transfer funds to help the contras. Under rigid agency procedures, the movements of funds through any CIA account would have to be carefully monitored, sources said.

In addition, sources said Casey was one of the handful of officials who over the last year regularly received copies of top secret communications intercepts that reportedly provided the clues last week that allowed Justice Department officials to begin to unravel what had happened.

Vice Adm. John M. Poindexter, who resigned Tuesday as President Reagan's national security adviser, has said privately that Casey was "heavily involved" in the secret sale of U.S. arms to Iran, according to informed sources. Poindexter said this before it was publicly known that profits from the arms sales were diverted to the contras, and it is not known whether he meant to implicate Casey in that part of that operation as well.

Attorney General Edwin Meese III said Tuesday that no one in the CIA, including Casey, knew about the \$10 million to \$30 million in proceeds from arms sales to Iran that went to aid the contras.

Casey has been one of the contras' strongest backers inside the Reagan administration. Official sources said the CIA has intensely followed the progress of the Nicaraguan rebels, providing regular, sometimes weekly intelligence assessments of their efforts to the White House.

In 1984, Casey sought to obtain funding for the contras from other



WILLIAM J. CASEY
... sought outside contra aid in 1984

countries, according to sources with firsthand knowledge of his efforts. Casey has denied that any formal requests for third-country aid were made, insisting that the efforts were "unofficial."

A source familiar with Casey's actions in 1984 maintained that Casey's inquiries to other countries came after Congress balked at providing a CIA request for \$21 million more for the Nicaraguan rebels but before Congress passed legislation prohibiting any U.S. assistance—including by the CIA—to the contras.

"There was a window of several months when it would have been proper," this source maintained.

As reported last year, U.S. and Israeli sources have said that in 1984 Israel found a way of secretly providing several million dollars to

the Nicaraguan rebels. One source said this was done through Marine Lt. Col Oliver North, then a key National Security Council aide.

North was fired this week for his alleged role in secretly diverting to the contra cause profits of arms sales to Iran.

Officially Israel has denied it provided help to the Nicaraguan rebels. An Israeli source who confirmed the 1984 aid to the contras said it was a "golden, clean and cheap" way of repaying the CIA for intelligence favors it had done for Israel.

U.S. sources said that Israel was indebted to Casey for his decision in 1981 to supply Israel with sensitive satellite reconnaissance photos. Inside the Israeli intelligence agencies, the satellite photos were often called "Casey's gift" and were considered invaluable.

When Casey took over the CIA in early 1981, he was determined to increase U.S.-Israeli intelligence cooperation. He visited Israel and struck up good relations with the heads of its intelligence services. His predecessor, Stansfield Turner, had refused Israeli requests for access to information directly from satellite photos—information the Israelis maintained was of great tactical importance because of the threat from neighboring Arab states.

Casey granted access to the photos, sources said. Soon afterward, Israel used the photos to pinpoint an Iraqi nuclear reactor that was bombed by the Israeli air force on June 8, 1981. Casey then restricted Israeli access to reconnaissance

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photography that could be used only for "defensive" purposes relating to Arab states directly on or near the Israel border, the sources said.

Intelligence cooperation between the countries expanded in 1982 during the Israeli invasion of Lebanon and into 1983 when Iranian-supported terrorists struck at U.S. installations in Beirut.

"The two services were in bed," said one U.S. intelligence source, though relations were sometimes strained by accusations that one country or the other was holding back some important intelligence.

In April 1984 the CIA was down to its last \$1 million of congressionally authorized funds for the contras. Sources said Casey dispatched a senior official in the operations directorate to seek secret contra funding from Saudi Arabia.

The Saudi government reportedly declined, at least initially. At that point, Casey turned to the Israelis.

It has never been clear how Israel might have been able to raise several million dollars in 1984, but sources said that Israel at the time was selling arms to Iran. Profits from those sales could have provided the necessary funds, as they did for the 1986 diversion of funds to the contras.

Said a senior administration source, "We always assumed in 1984 there was funding flowing from third parties [to the contras]. The amount of money was small and whoever did it would get enormous good will with the White House."